

The President's Daily Brief

July 27, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

July 27, 1974

PRINCIPAL DEVELOPMENTS

Turkish forces in Cyprus continue to enlarge their Nicosia-Kyrenia corridor, but the rest of the island is quiet. The cease-fire talks in Geneva narrowly averted breaking down yesterday. (Page 1)

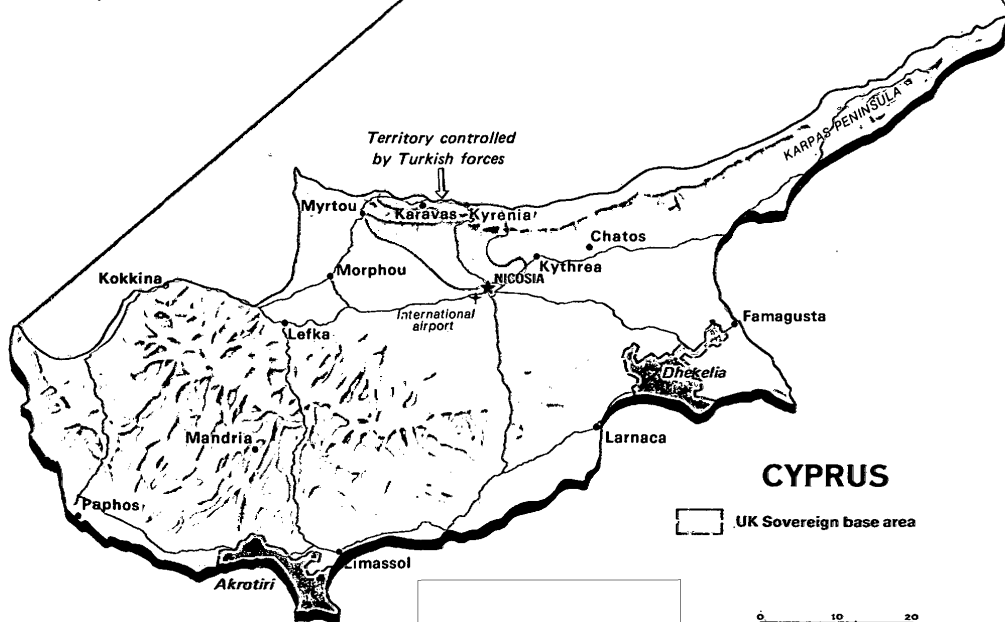
East Germany harassed transit traffic on autobahn routes to Berlin yesterday in the wake of the West German enactment of legislation establishing the Federal Environment Agency in West Berlin. (Page 3)

Cairo is trying to replace Soviet, and also Iranian, influence in the southern Arabian peninsula by organizing a joint Arab force to back the Sultan of Oman against a rebel movement that is supported from Aden. Moscow apparently promised South Yemen additional military aid during a recent visit to the USSR by a leader of Aden's National Front. (Page 4)

Notes on the USSR, Portugal, Iran-Italy, and Venezuela appear on Page 5.

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CYPRUS

Turkish forces continue to enlarge their Nicosia-Kyrenia corridor. By yesterday evening they had taken the town of Myrtou, thereby gaining control of a second major road. The Turkish push eastward toward the besieged Turkish Cypriot enclave at Chatos apparently halted when it came up against a UN contingent.

The rest of the island is quiet. UN officials report that most Turkish Cypriot enclaves have surrendered.

In Nicosia, President Clerides warned again that he could not continue to restrain his National Guard forces if Turkish troops advanced further into Greek Cypriot areas. He implicitly threatened reprisals against residents of Turkish Cypriot villages if the Turks go on violating the cease-fire. His warning, however, contained no time limit.



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The Cyprus peace talks in Geneva came close to breaking down yesterday morning. The afternoon session was canceled, but by evening the Greek and Turkish foreign ministers had agreed to again try to resolve their differences over the terms of the cease-fire resolution. The resolution, originally drafted before the Turkish invasion, called for the withdrawal of foreign military personnel--at that time this reference meant the Greek officers in the Cypriot National Guard. The Greeks now want to interpret the resolution as a mandate for the withdrawal of the Turkish troops. The Turks are proposing a separate conference to deal with the administration of Cyprus and the maintenance of the cease-fire.

An emergency meeting of the UN Security Council, called by Cyprus, is now set for today. It will consider continued Turkish cease-fire violations.

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GREECE

Some military leaders may be plotting to overthrow the Karamanlis government, [REDACTED]

[REDACTED] Many officers, particularly in the lower echelons, disagree with the decision last week to turn the government over to civilians and some may fear that the new regime will try to punish those responsible for past repressions.

[REDACTED]

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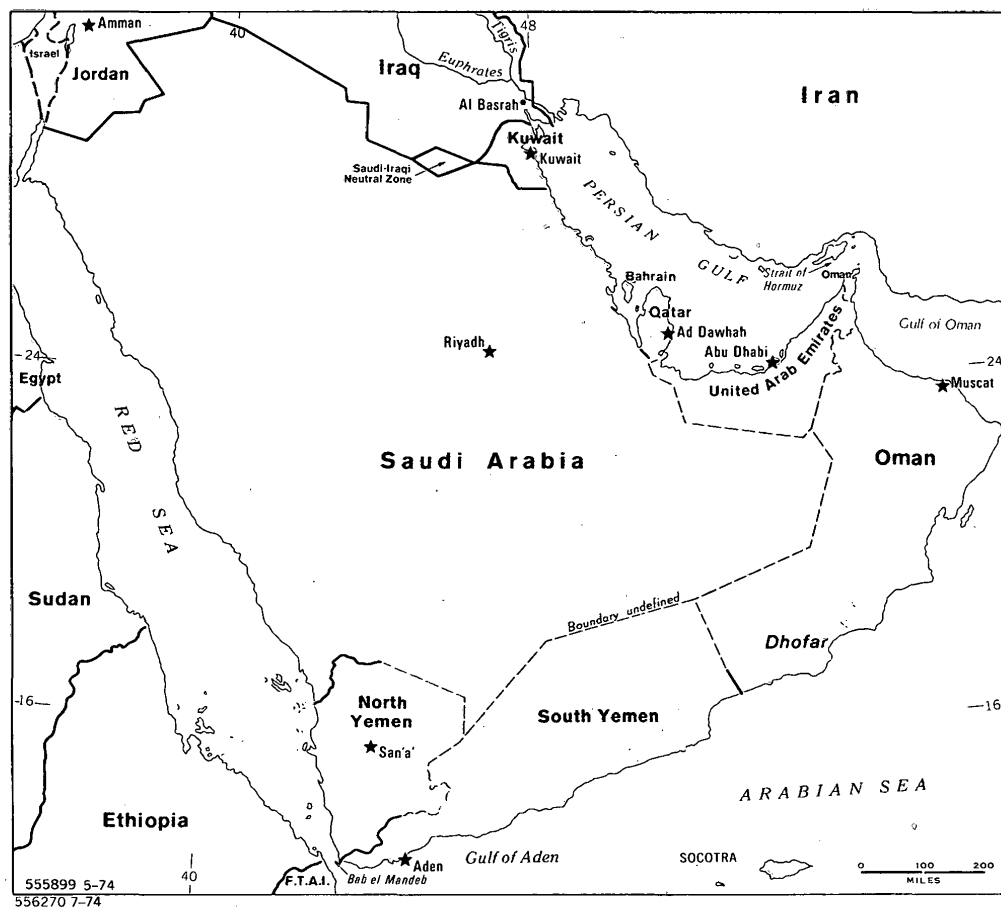
GERMANY

Five incidents of East German harassment of transit traffic occurred yesterday in the wake of the West German enactment of legislation establishing the Federal Environment Agency in West Berlin.

The stoppages, which occurred at four different checkpoints on autobahn routes to West Berlin, all involved private automobiles. East German guards either asked the passengers if they worked for the environment agency or told them that the delay was caused by the establishment of the agency in West Berlin.

In statements to senior US and West German officials, both East German and Soviet officials have stressed that they felt obliged to demonstrate their objections to the FEA, but that they wished to avoid open confrontation with Bonn or the Western Allies. The delays yesterday were short, and in all cases the travelers were permitted to proceed.

Five FEA employees successfully transited East Germany by private car on July 25 and 26 and are now in West Berlin.



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ARABIAN PENINSULA

Cairo is trying to replace Soviet, and also Iranian, influence in the southern Arabian peninsula by organizing a joint Arab force to back the Sultan of Oman against a rebel movement that is supported from Aden.

President Sadat's adviser, Ashraf Marwan, is currently on a trip that will take him for the second time in two weeks to Saudi Arabia as well as to Bahrain, the United Arab Emirates, and Oman seeking support for the plan.

He will also visit South Yemen, where he will be trying to lease islands at the entrance to the Red Sea. Cairo says it wants to ensure that Arabs, rather than Moscow operating through the pro-Communist regime in Aden, control the Red Sea when the Suez Canal is reopened.

Egypt's scheme is ambitious. The Soviet presence in Aden is long established, while Cairo's move to replace the 1,400-man Iranian force in Oman is apt to endanger some \$870 million in much-needed economic assistance that Egypt is to receive from the Shah.

* * *

Moscow apparently promised South Yemen additional military aid during a recent visit to the USSR by a leader of Aden's National Front. Moscow has long been Aden's primary source of arms and training, but Adeni officials have indicated they are not pleased with the extent of Soviet economic aid. The Soviets are aware that Aden has recently sought Arab and Western assistance to help bolster its sagging economy.

The signing of a number of cooperative agreements between the USSR and South Yemen, together with the Soviet-Somali Friendship Treaty, indicates the Soviets' continuing strong interest in the area, particularly as the reopening of the Suez Canal comes closer.

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NOTES

USSR: The newly elected Supreme Soviet, which convened on July 25, has re-elected Nikolay Podgorny chairman of its Presidium and Aleksey Kosygin chairman of the Council of Ministers. There were no personnel shifts at the ministerial level. Thus far, the only organizational change announced by the Supreme Soviet is the setting up of standing commissions to supervise production of consumer goods. This move is presumably meant to demonstrate the leadership's continuing interest in trying to improve the performance of the consumer sector of the economy.

Portugal: Prime Minister Goncalves' selections for 26 subcabinet posts seem to indicate a decision to enlist the help of well-qualified specialists, whatever their political inclinations. Those named are largely in the 30-40 age group and are well trained technically; none is nationally prominent. Many were active opponents of the old regime, but only one of those appointed can be identified with confidence as a Communist--he is Secretary of State for Labor: [REDACTED]

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Iran-Italy: The Shah of Iran now appears to be leaning toward providing financial assistance to Rome similar to loans he recently extended to London and Paris, if he can be assured the Italian government will not share power with the Communists. To provide such a "guarantee," Italy's dominant Christian Democratic Party could point to the fact that its most recent National Council meeting unanimously approved a resolution emphasizing the ideological differences that separate the Christian Democrats from the Communists. If the Shah's attitude continues to soften, aid might take the form of some prepayment for a \$3 billion deal for construction of industrial plants an Italian state company recently signed with Iran.

Venezuela: Caracas has established an investment fund to manage a portion of its growing surplus oil earnings. The fund, with an initial capitalization of more than \$3 billion, will receive half of all future oil revenues. Caracas' oil revenues are expected to total about \$10 billion this year. Carlos Guillermo Rangel, a moderate of independent views, has been selected as the fund's president, a cabinet-rank position.

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